Oil Sands
Media Monitoring Report

CanadaWest FOUNDATION

January 20, 2010

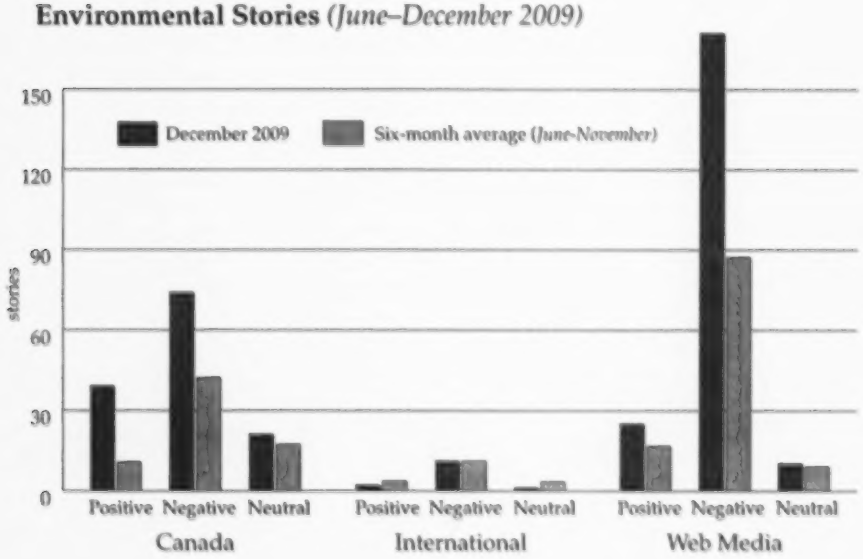
Monthly Overview

Oil sands coverage surged in December due mostly to COP15, the United Nations climate change conference in Copenhagen. This international conference was attended not just by world leaders but by all manner of environmental organizations and militants. The coverage spilling out of protests by these groups and accusations against the oil sands from government figures, Canadian and otherwise, helped spur a 45 percent increase in oil sands stories over November. This increase was the result of environmental stories rather than economic, the vast majority of which were negative.

Environmental coverage doubled in December in the Canadian and internet media, although international coverage remained largely the same. This was driven primarily by coverage of Copenhagen, but also by a report claiming to have proven the oil sands are polluting the nearby watershed. These two events resulted in dozens of environmental oil sands stories, mostly negative.

Economic coverage, on the other hand, was down in December. There was only one major economic story, dealing with PetroChina and the governmental review of the company's August purchase of a stake in the oil sands. The lack of major economic news beyond this caused economic coverage to drop in all categories. Economic oil sands stories did remain mostly positive in December, with positive economic stories outnumbering negative and neutral stories in the international, Canadian and online media.

Environmental Stories *(June–December 2009)*



Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 431 stories over the course of December 2009. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

As world leaders gathered in Copenhagen for COP15, so too did climate protesters, and their target was the oil sands. Anti-oil sands protests ran throughout the conference, as activists chose to single out Canada's commitment to developing the oil sands, claiming it to be the largest obstacle between the world and a binding agreement on climate change.

This focus on the oil sands was best represented by British journalist George Monbiot, known for his environmental activism and column in the United Kingdom newspaper The Guardian. At the beginning of the month, Monbiot wrote an article decrying Canada as "a corrupt petro-state," and comparing Canada's support for oil sands development to Japan's support for whaling. Monbiot's article alone was covered or reprinted 11 times online and covered five times in the Canadian media.

This was the message that activists spread through their protests in Copenhagen, that Canada was a "climate criminal" for supporting the oil sands and that trying to protect them would undermine any real agreement on carbon reduction. There were some stories countering this, reporting that according to the UN's climate chief Canada was working constructively towards a strong deal, or that the oil sands, which contribute only 0.1 percent of the world's carbon emissions, were being unfairly targeted by protesters. However, these stories were outnumbered by those on how the oil sands were making Canada a target in Copenhagen and were damaging the country's international reputation.

The various groups protesting the oil sands included Greenpeace, satirists the Yes Men, members of Canada's First Nations who were protesting what they saw as health risks caused by the oil sands, and the Climate Action Network, a coalition of environmental groups that handed out Fossil Awards to countries seen as blocking progress on climate change. Canada received several of these awards. Also, 11 members of the European Parliament, from countries including France, Finland and the Netherlands, called for European businesses to cease their investments in the oil sands.

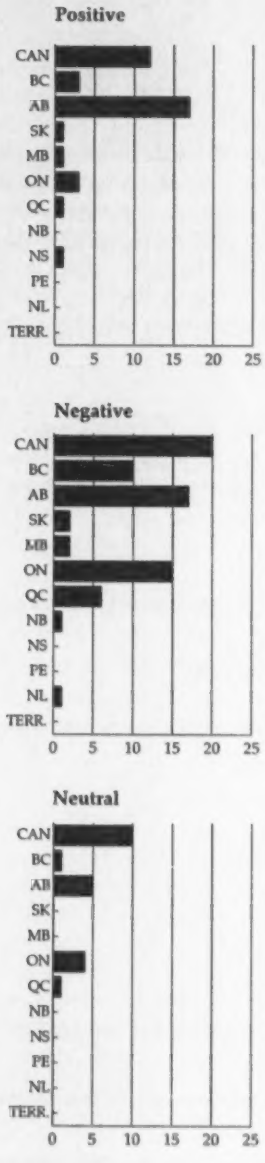
But not all criticism of the oil sands came from environmental groups and foreign officials. The most widely covered criticism of the oil sands in Copenhagen came from Ontario and Quebec. Quebec premier Jean Charest, Ontario Environment Minister John Gerretsen and Toronto Mayor David Miller travelled to Copenhagen to speak out against the oil sands, claiming to be "embarrassed" by them and speaking out against any Canadian carbon plan that would cause their provinces to shoulder extra carbon burden to allow the oil sands to be further developed.

These statements have been highly controversial in Canada. Criticisms of and attacks against Ontario and Quebec began quickly in the Canadian media, online, and from Alberta Premier Ed Stelmach, who issued a swift reminder of the benefits the whole country receives from the oil sands. Quebec was particularly hard-hit by criticisms, with commentators asserting that Quebec's prized social services are funded in part by federal

equalization payments, a significant amount of which comes indirectly from Alberta's oil sands revenues.

All told, reports from Copenhagen resulted in 32 stories in the Canadian media and 45 online. Copenhagen stories and coverage of Monbiot's article accounted for nearly a third of all negative environmental stories online in December.

Environmental Stories by Area *(December 2009)*



Environmental Stories

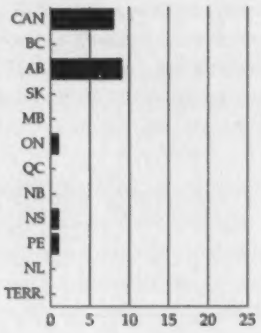
Protests in Copenhagen were not the only black eye the oil sands received in December. An independent study led by University of Alberta biological sciences professor David Schindler investigated pollution caused by the oil sands projects. The long term study examined the air and water quality surrounding the oil sands projects. Researchers found toxic levels of Polycyclic Aromatic Compounds (PACs), which increased in amount the closer they came to the oil sands projects. The study claims to have proven that industry is responsible for these PAC deposits and not natural seepage from the bitumen deposits as government officials have claimed. What's more, the study claims that pollution levels surrounding the oil sands are five times higher than officially reported, equivalent to one major oil spill per year. Alberta government officials were quick to deny the study's findings and defend their water monitoring processes, but these denials received less coverage and stories on them tended to be neutral at best. This study was the source of nearly as many negative environmental stories as the accusations and protests linked to Copenhagen, with far fewer positive stories coming to the oil sands' defense.

Tailings ponds returned to the news in December after a report claimed that recent attempts to force a clean-up weren't having an effect. In February of 2009, the Alberta Energy Resources Conservation Board enacted stricter rules for tailings pond reclamation, setting hard targets for particle capture and removal, with 20 percent of particles to be removed by 2011, 30 percent by 2012 and 50 percent by 2013. In September, oil sands projects were directed to submit their plans for meeting these targets. Now a report from the Pembina Institute and Water Matters Alberta states that of the nine plans submitted, only two will actually meet the targets set in February. Other plans will not meet reductions targets until 2023 and will not meet solid surface requirements for 40 years. The study was covered seven times in Canadian media and five times online. All coverage was negative.

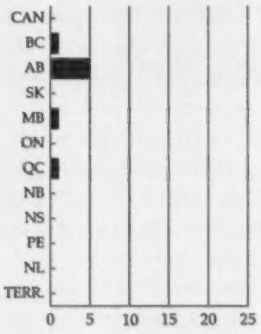
Connected to the anti-oil sands fervour in Copenhagen was the leaking of a document showing that the federal government considered setting weaker carbon reduction targets for the oil industry as part of the Canadian reduction plan. Coming amongst the Copenhagen protests and the attacks from Ontario and Quebec, this revelation just added to the perception that the Canadian government is blocking progress on global climate change efforts.

Economic Stories by Area
(December 2009)

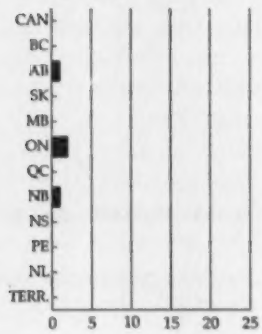
Positive



Negative



Neutral



At the beginning of the Copenhagen summit, Greenpeace staged one more break-in protest here in Canada. This time, protesters scaled to the roof of Parliament in order to drape it with anti-oil sands banners. This protest seized national and international attention, and was covered in papers from the National Post to the Wall Street Journal. This also raised questions regarding Parliament security.

Not all environmental news in December was negative or a reaction to a negative story. News continues to trickle out over technological advances that could fix the oil sands' bad environmental reputation. The common images used to attack the oil sands, that of forests turned into barren moonscapes and city-sized tailings ponds, are both connected to surface mining projects. In December, more attention began to be drawn to steam-assisted gravity drainage (SAGD), which draws less water from the Athabasca river, disturbs less of the land and leaves no tailings pond. Toe-to-heel air injection (THAI), which uses underground fire in place of steam to melt bitumen and allow it to flow into wells, also continues to draw attention. The THAI process uses no water and emits far less carbon than surface mining or SAGD. In addition, the Alberta government has given the University of Alberta a $25 million grant to research cleaner, less carbon-intense oil sands practices alongside the Helmholtz Association of German Research Centres. Canadian media ran eight stories on technology that could clean up the oil sands in December, with a further three being published online.

Ipsos-Reid conducted a poll of Albertans on how they view the government's reaction to oil sands criticism. The majority of Albertans polled felt that the government needs to do more to support and defend the oil sands. Between the Canadian and online media, eight stories ran on this poll. Most were classified as positive for demonstrating Albertan support for the oil sands.

One final story of note involves accusations of bias in the Quebec media. Power Corporation owns several newspapers in Quebec, including Montreal's La Presse, which has been accused by a Quebec-owned competitor of being too positive in its coverage of the oil sands. Power happens to be a chief stockholder of Total, a French company heavily involved in the oil sands, and accusers claim that Power is blocking negative coverage in its newspapers to protect its investment.

Economic Stories

The major economic story of December was Chinese oil company PetroChina, whose $1.9 billion purchase of a 60 percent stake in Athabasca Oil Sands Corporation was finally approved by the federal government.

Announced at the end of August, state-owned PetroChina's entry into the oil sands was seen as a strong sign of renewed interest and growth for the industry. However, the deal was subject to review by the federal government, as all deals involving a foreign

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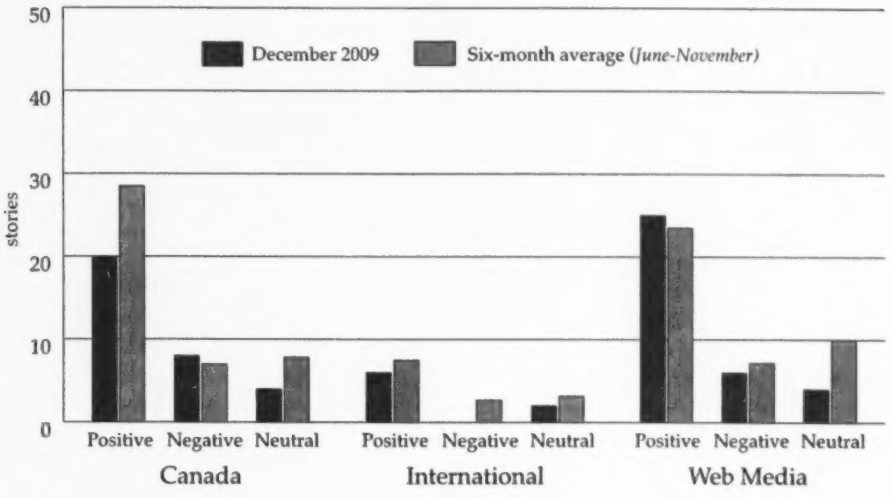
Economic Stories *(June-December 2009)*



government and a Canadian resource are. In late December, Minister of Industry Tony Clement announced that the deal would go forward, with a few conditions, such as creating jobs in Canada, investing at least $250 million in capital expenditures in its 60 percent share of the two Athabasca projects, and promising that PetroChina shares continue to trade on public exchanges while the firm retains these Canadian holdings. As this approval paves the way for investment and growth in the oil sands which will be of benefit to Canadians, stories on PetroChina's approval were considered positive.

The industry's recovery continued to be discussed in December. Several stories agreed that the oil sands were ending 2009 on a note of optimism and with signs of recovery in 2010. Oil sands employment is expected to rise in the coming year. In the international, Canadian and internet media, there were eight stories discussing recovery for the oil sands industry. ■

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